

12-13-2005

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office



103135270

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Paul Winkler Plastics Corp.

- Individual(s)
- General Partnership
- Corporation- State: California
- Other _____
- Association
- Limited Partnership

Citizenship (see guidelines) U.S.

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) December 4, 2001

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: PWP Industries Corporation
 Internal _____
 Address: _____
 Street Address: 3751 Seville Avenue
 City: Vernon
 State: California
 Country: U.S. Zip: 90058

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship U.S.
- Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,819,826; 2,692,832; 2,666,476

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

2,819,826 (PACKAGING WITH PERFECTION); 2,692,832 (PWP, word mark); 2,666,476 (PWP, stylized)

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: David B. Kagan

Internal Address: _____

Street Address: Suite 200, Maple Island Building
221 Main Street North

City: Stillwater

State: Minnesota Zip: 55082

Phone Number: 651-275-9804

Fax Number: 651-351-2954

Email Address: dkagan@kaganbinder.com

6. Total number of applications and registrations involved:

12/09/2005 LMUELLER 0000149062 3

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 120.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
 Expiration Date 12/09/2005 LMUELLER 00000032 2819826

b. Deposit Account Number _____
 Authorized 01 FC:8521 Name _____

9. Signature:

David B. Kagan
Signature

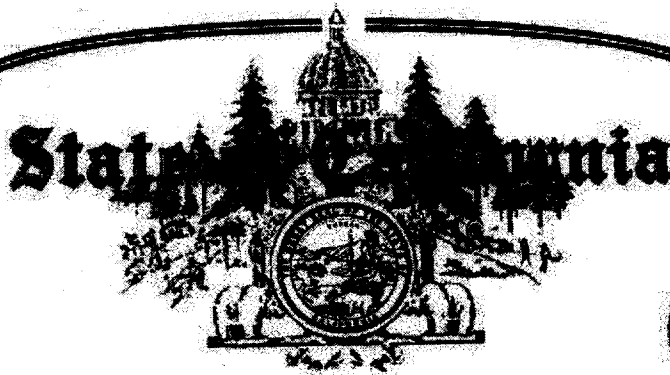
December 5, 2005

Date

David B. Kagan
Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 15

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 12 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

DEC 27 2001

Secretary of State



**SECOND
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
PAUL WINKLER PLASTICS CORPORATION**

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

DEC 18 2001

DALL JONES, Secretary of State

The undersigned certify that:

1. They are the duly elected and acting President and Secretary, respectively, of Paul Winkler Plastics Corporation, a California corporation ("Corporation").
2. The following Second Amended and Restated Articles of Incorporation has been duly approved by the Board of Directors.
3. The following Second Amended and Restated Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Sections 902 and 903 of the Corporations Code.
4. The total number of outstanding shares of Common Stock of the Corporation is 103,910,379. The total number of outstanding shares of Series A Preferred Stock is 7,116,540. The Series A Preferred Stock is the only Series of Preferred Stock presently outstanding. The number of shares voting in favor of the Second Amended and Restated Articles of Incorporation equaled or exceeded the vote required. The percentage vote required was (i) more than 50% of the Common Stock outstanding and (ii) more than 50% of the Series A Preferred Stock outstanding.
5. The Amended and Restated Articles of Incorporation of the Corporation, as filed with the California Secretary of State on June 5, 2001, are hereby further amended and restated in full to read as follows:

ARTICLE I.

The name of this Corporation is PWP Industries.

ARTICLE II.

The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III.

The Corporation is authorized to issue two classes of shares to be designated respectively "Common Stock" and "Preferred Stock", respectively, each class without par value. The number of shares of Common Stock authorized to be issued is 300,000,000 and the number of shares of Preferred Stock authorized to be issued is 20,000,000. The Corporation is authorized to issue the

Preferred Stock in series, and the first series shall be designated "Series A Redeemable Preferred Stock" and shall consist of 15,000,000 shares (the "Series A Preferred Stock"). The second series shall be designated "Senior Preferred Stock" and shall consist of 5,000,000 shares. The rights, preferences, privileges and restrictions of the Series A Preferred Stock, the Senior Preferred Stock and the Common Stock, as well as of the holders of such stock, are as set forth below in this Article III.

Section 1. Definitions. For purposes of this Article III, the following definitions shall apply:

- (a) "Board" shall mean the Board of Directors of the Corporation.
- (b) "Change in Control" has the meaning set forth in Section 4(c) of this Article III.
- (c) "Common Stock" shall mean the Common Stock of the Corporation.
- (d) "Conversion Price" shall have the meaning set forth in Section 7(d) of this Article III.
- (e) "Conversion Rights" shall have the meaning set forth in the preamble to Section 7 of this Article III.
- (f) "Corporation" shall mean this Corporation.
- (g) "Liquidation Preference" means either the Senior Preferred Liquidation Preference or the Series A Liquidation Preference, as the context requires.
- (h) "Original Issue Date" shall mean for any share of Preferred Stock, the date upon which such share of Preferred Stock is issued.
- (i) "Qualified Public Offering" shall have the meaning set forth in Section 7(a) of this Article III.
- (j) "Preferred Stock" shall mean the Series A Preferred Stock, and the Senior Preferred Stock.

Section 2. Voting Rights.

- (a) Voting Generally. Except as required by law, and except as set forth in Section 6 hereof, the holders of the Preferred Stock shall have no right to vote on any matter.
- (b) Voting for Directors. The holders of the Senior Preferred Stock and the Series A Preferred Stock shall not be entitled to vote in the election of directors.
- (c) Quorum. Except as otherwise provided in these Articles or as may be required by law, a majority of the shares of Common Stock entitled to vote, represented in person or by proxy, will constitute a quorum at a meeting of shareholders; provided, however,

that for action upon any matter as to which holders of shares of any series or class are entitled to vote as a class, a majority of the shares of such series or class, represented in person or by proxy, will constitute a quorum.

Section 3. Dividends

(a) **Senior Preferred Dividend Preference.** The holders of outstanding shares of Senior Preferred Stock shall be entitled to receive dividends, out of any assets at the time legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock) on the Common Stock or on any other class or series of capital stock, on the first day of December, March, June and September of each year (a "Dividend Payment Date"), commencing on the first such Dividend Payment Date following the original issue date of such Senior Preferred Stock, accruing from the date of issue at the quarterly rate of 4.5% of the amount of the Senior Preferred Liquidation Preference as of the day prior to the applicable Dividend Payment Date (as appropriately adjusted for any stock splits, stock dividends, reclassifications and the like), when, as and if declared by the Board. The Corporation shall make no Distribution (as defined below) to the holders of shares of any class or series in any fiscal year unless and until dividends at the rate set forth in this subsection (a) shall have been paid upon all shares of Senior Preferred Stock, nor shall the Corporation purchase any shares of Series A Preferred Stock.

(b) **Series A Dividend Preference.** The holders of outstanding shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets at the time legally available therefore, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock) on the Common Stock, on each Dividend Payment Date, accruing on a daily basis from date of issue through and including August 31, 2001 at an annual rate of 20%, and accruing from and after September 1, 2001 at the quarterly rate of 4.5% of the amount of the Series A Liquidation Preference as of the day prior to the applicable Dividend Payment Date (as appropriately adjusted for any stock splits, stock dividends, redemptions and the like), when, as and if declared by the Board. The Corporation shall make no Distribution to the holders of Common Stock in any fiscal year unless and until dividends at the rate set forth in this subsection (b) shall have been paid on all outstanding shares of Series A Preferred Stock.

(c) **Cumulative Dividends.** All dividends payable on any shares of Preferred Stock shall be cumulative, and shall be paid pro rata among all holders of the series of Preferred Stock entitled to such dividend.

(d) **Distribution.** As used in these Seconded Amended and Restated Articles of Incorporation, "Distribution" means the transfer of cash or property without consideration, whether by way of dividend or otherwise (except a dividend in shares of Common Stock) or the purchase by the Corporation of shares of Common Stock (other than purchases in connection with the repurchase of shares of Common Stock issued to or held by employees, consultants, officers and directors upon termination of their employment or services pursuant to agreements providing for the right of said repurchase) for cash or property.

Section 4. Liquidation, Dissolution or Winding Up.

(a) Priority. In the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, all assets and funds of the Corporation legally available for distribution shall be distributed to the holders of the Common Stock and the Preferred Stock in the following order of priority:

(i) First, ratably among the holders of the Senior Preferred Stock until such holders have received the then applicable Senior Preferred Liquidation Preference; provided, however, that if the assets and funds to be distributed among the holders of the Senior Preferred Stock are insufficient to permit the payment to such holders of such full preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Senior Preferred Stock ratably in proportion to such full preferential amounts each such holder would be entitled to first receive. As used herein, the term "Senior Preferred Liquidation Preference" shall mean the sum of (A) \$1.00 per share, plus (B) the cumulative amount of unpaid dividends accrued from the date of issue to the date of determination with respect to such share of Senior Preferred Stock;

(ii) Second, ratably among the holders of the Series A Preferred Stock until the holders of the Series A Preferred Stock have received an amount equal to the then applicable "Series A Liquidation Preference"; provided, however, that if the assets and funds to be distributed among the holders of the Series A Preferred Stock are insufficient to permit the payment to such holders of such full preferential amounts then the entire assets and funds of the Corporation legally available from distributions to holders of all shares other than the Senior Preferred Stock, then the entire remaining assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Series A Preferred Stock ratably and in proportion to such full preferential amounts each such holder is entitled to receive. As used herein, the term "Series A Liquidation Preference" shall mean the sum of (A) \$1.00 per share, plus (B) the cumulative amount of unpaid dividends accrued from September 1, 2001 through the date of determination with respect to such share of Series A Preferred Stock; and

(iii) Third, to the holders of the Common Stock on a pro rata basis according to the number of shares of Common Stock then held.

(b) No Conversion. Subject to Section 7(a) hereof, shares of Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any distribution, or series of distributions, as shares of Common Stock.

(c) Definitions. For purposes of this Section 4, a liquidation, dissolution or winding up of this Corporation shall be deemed to be occasioned by, or to include, any transaction or series of related transactions by the Corporation which results in (A) the acquisition of the Corporation by another entity (including, without limitation, any reorganization, merger, consolidation or other business combination, but excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation); or (B) a sale of all or substantially all of the assets of the Corporation, unless the Corporation's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's

acquisition or sale or otherwise) hold at least 50% of the voting power of the successor to the Corporation's business ("Change of Control").

(i) In any such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to an investment representation or other similar restrictions on free marketability:

(1) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by a majority of the Board.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A)(1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by a majority of the Board.

(ii) The Corporation shall give each holder of record of Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the shareholders meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than fifteen (15) days after the Corporation has given notice of any material changes provided for herein, provided, however, that such period may be shortened upon the written consent of the holders of the Senior Preferred Stock and the Series A Preferred Stock that represent at least a majority of the voting power of all then outstanding shares of each such series.

(d) Equitable Adjustment. The dollar amounts specified in Section 4(a) shall be equitably adjusted in the event of any stock splits, stock dividends or similar capital modifications affecting the Common Stock, the Senior Preferred Stock or the Series A Preferred Stock after the filing of these Second Amended and Restated Articles of Incorporation. No adjustment to any Conversion Price pursuant to these Second Amended and Restated Articles of Incorporation shall otherwise alter the above Liquidation Preference dollar amounts.

(e) Certain Consents. Each holder of Preferred Stock shall be deemed to have consented, for purposes of Sections 502, 503 and 506 of the California Corporations Code, to distributions made by the Corporation and approved by the Board in connection with the repurchase of shares of Common Stock issued to or held by employees, directors or consultants upon termination of their employment or services pursuant to agreements providing for such right of repurchase between the Corporation and such persons.

Section 5. Redemption.

(a) Voluntary Redemption. Shares of Senior Preferred Stock and Series A Preferred Stock may be redeemed by the Corporation at any time, provided, however, (i) no shares of Series A Preferred Stock shall be redeemed or repurchased so long as any shares of the Senior Preferred Stock remain outstanding and (ii) any redemption, whether of Senior Preferred Stock or Series A Preferred Stock, if less than 100% of the outstanding shares are to be redeemed, shall be redeemed on a proportionate basis among all holders of record, such that the same percentage of each holder of record's shares of such series is redeemed concurrently. The redemption price shall be equal to the Liquidation Preference of each share being redeemed as of the date of redemption ("Redemption Price"). No dividends shall be payable on any shares redeemed. Until all Preferred Stock has been redeemed, no Distributions shall be made on shares of Common Stock.

(b) Mandatory Redemption.

(i) Upon a Change of Control, and for a period of thirty (30) days thereafter, each holder of a share of Senior Preferred Stock and each holder of a share of Series A Preferred Stock shall have the right, by written notice to the Corporation, to require the Corporation to redeem a portion or all of such holder's outstanding shares of Senior Preferred Stock and Series A Preferred Stock, as the case may be, at the Redemption Price, to the maximum extent then permitted by applicable provisions of the California Corporations Code. A holder of Preferred Stock shall request a redemption under this Section 5(b) by giving written notice by mail, first-class postage prepaid, to the Corporation at its principal executive offices (the "Redemption Notice"). The Redemption Notice shall specify the number of shares of Preferred Stock owned by such holder and the number of shares to be redeemed on the requested redemption date. The redemption shall occur on the fifth (5th) business day after expiration of the aforesaid 30 day period ("Redemption Date"). Notwithstanding the foregoing, if the Corporation does not have sufficient funds legally available to purchase all of the Preferred Stock requested to be redeemed by the holders of Preferred Stock within the aforesaid 30 day period, the Corporation must (i) purchase, pro rata based on the number of shares submitted for redemption by each requesting holder, as many shares of the Senior Preferred Stock as legally possible and once all of the Senior Preferred Stock has been redeemed, all of the Series A Preferred Stock to the extent legally possible, (ii) take any and all reasonable acts permitted by applicable law necessary in order to increase the Corporation's legally available funds in an amount sufficient to legally effect such purchase and, thereafter, (iii) purchase the remaining shares of the Preferred Stock.

(ii) On or before the Redemption Date, the shareholder shall surrender to the Corporation the certificate(s) for the shares of Preferred Stock being redeemed pursuant to

this Section 5(b), and the Corporation shall make payment in immediately available funds of the applicable Redemption Price to such holder of shares of Preferred Stock on the Redemption Date.

(iii) The shares of Preferred Stock shall not be subject to the operation of a purchase, retirement or sinking fund.

Section 6. Special Voting Rights.

Until the occurrence of a Qualified Public Offering, the Corporation shall not, without either first obtaining the approval (by vote or written consent as permitted by law) of the holders of eighty percent (80%) of the total number of shares of each of the Senior Preferred Stock and of the Series A Preferred Stock then outstanding (each voting separately as a separate class) effectuate any merger or consolidation with or into any other legal entity, or effectuate any reclassification of its outstanding stock.

Section 7. Conversion. Unless theretofore redeemed, each outstanding share of Preferred Stock shall be converted into shares of Common Stock, as follows:

(a) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the then effective Conversion Price, immediately upon the earliest to occur of (i) on the tenth (10th) business day following the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of the Corporation's Common Stock, if the per share offering price is not less than \$5.00 (as adjusted in the event of stock dividends, stock splits and similar capital modifications) and the aggregate purchase price of the Common Stock sold pursuant to such registration equals or exceeds \$20,000,000 (a "Qualified Public Offering"), (ii) the date upon which the Corporation obtains the consent of the holders of eighty percent (80%) of the then outstanding shares of each Series of Preferred Stock (voting separately as separate classes) to such automatic conversion, or (iii) on September 30, 2006, if and to the extent such shares of Preferred Stock are still outstanding.

(b) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then fair value thereof.

(c) No Optional Conversion. The Preferred Stock shall not be subject to conversion at the option of the holders except as may occur pursuant to the provisions of Section 7 hereof.

(d) Conversion Price. Each share of the Preferred Stock shall be converted into such number of shares of Common Stock as results from dividing the Liquidation Preference of such shares on the Conversion Date by the lesser of (i) \$0.1325 per share or (ii) the final purchase price per share determined in accordance with Section 2(c) of that certain Purchase and Sale Agreement dated as of September 1, 2001 by and among Paul M. Winkler, HPC Industries, Inc. and the Corporation ("Conversion Price").

(e) Mechanics of Automatic Conversion. All holders of record of shares of Preferred Stock will be given written notice of the date of any automatic conversion referenced in Section 7.a. Such notice will be sent by mail, first class, postage prepaid, to each record holder of Preferred Stock at such holder's address appearing on the stock register. Each holder of shares of Preferred Stock shall, promptly after receiving such notice, surrender such holder's certificate or certificates for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock or other securities to which such holder is entitled. Upon the date of any such automatic conversion ("Conversion Date"), all rights with respect to the Preferred Stock will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock or other securities into which such Preferred Stock has been converted and cash for fractional shares, plus any dividends thereon accrued and unpaid as of the time of such conversion. All certificates evidencing shares of Preferred Stock which are automatically converted in accordance with the provisions hereof shall, from and after the date of such automatic conversion, be deemed to have been retired and canceled and the shares of Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates. As soon as practicable after the date of any such automatic conversion and the surrender of the certificate or certificates for Preferred Stock as aforesaid, the Corporation shall cause to be issued and delivered to such holder, or to such holder's written order, a certificate or certificates for the number of full shares of Common Stock or other securities issuable on such conversion in accordance with the provisions hereof and cash as provided in Section 7.a in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion.

(f) Certain Adjustments to Conversion Price.

(i) Adjustment for Stock Splits, Stock Dividends and Combinations of Common Stock. In the event the outstanding shares of Common Stock shall, after the filing of these Second Amended and Restated Articles of Incorporation, be further subdivided (split), or combined (reverse split), by reclassification or otherwise, or in the event of any dividend or other distribution payable on the Common Stock in shares of Common Stock, the Conversion Price in effect immediately prior to such subdivision, combination, dividend or other distribution shall, concurrently with the effectiveness of such subdivision, combination or dividend or other distribution, be proportionately adjusted.

(ii) Adjustment for Merger or Reorganization, Etc. In case of a reclassification, reorganization or exchange transaction or any consolidation or merger of the Corporation with another corporation (other than a merger or other reorganization which is deemed to be a liquidation pursuant to Section 4(b) of this Article III), each share of Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Preferred Stock would have been entitled upon such reclassification, reorganization, exchange, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as

nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Preferred Stock.

(iii) Adjustment for Certain Dividends and Distributions. If the Corporation at any time shall issue additional shares of Common Stock, by reason of the declaration or payment of a dividend or other distribution on the Common Stock payable in additional shares of Common Stock, then and in each such event, the Conversion Price then in effect shall be decreased as of the time of such issuance or, if such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions.

(iv) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the filing of these Second Amended and Restated Articles of Incorporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation which they would have received had their Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 5 with respect to the rights of the holders of the Preferred Stock.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of a Conversion Price of any of the Preferred Stock pursuant to this Section 7, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any holder of any Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth: (i) such adjustments and readjustments; (ii) the applicable Conversion Price of such Preferred Stock at the time in effect; and (iii) the number of shares of Common

Stock and the amount, if any, of other property which at the time would be received upon the conversion of such Preferred Stock.

(h) Common Stock Reserved. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect the full conversion of all shares of Series A Preferred Stock and Senior Preferred Stock, outstanding from time to time.

(i) Payment of Taxes. The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Preferred Stock, other than any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered.

Section 8. Waiver and Amendment.

Any or all of the provisions of this Article III may be amended, and the rights of all holders of any series of Preferred Stock as set forth in this Article III may be waived in whole or in part (but not in a manner which discriminates among holders of the same series or which changes the relative preferences among the various series of preferred Stock) by holders of not less than eighty percent (80%) of the then outstanding shares of each series or class affected thereby.

Section 9. No Impairment. The Corporation will not, by amendment of these Second Amended and Restated Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions hereof, and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Preferred Stock as set forth herein against impairment.

Section 10. Notices. Any notice, demand, offer, request or other communication required or permitted to be given by the Corporation to the holders of Preferred Stock pursuant to this Article III shall be in writing and shall be deemed effectively given upon the earlier of (i) when delivered to such party by hand or by personal delivery, (ii) when delivered by facsimile (with receipt of appropriate confirmation), (iii) one business day after being deposited with an overnight courier (with receipt of appropriate delivery confirmation), (iv) three days after being sent to such party by registered or certified mail (return receipt requested, postage prepaid), or (v) four (4) days after being deposited in the U.S. Mail, First Class with postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

Section 11. Reissuance of Preferred Stock. No shares of Preferred Stock which are redeemed, purchased or acquired by the Corporation or converted into Common Stock shall be

reissued, and all such shares shall be canceled and eliminated from the shares which the Corporation shall be authorized to issue.

ARTICLE IV.

The board of directors shall consist of five (5) members. Directors need not be shareholders. The provisions of this Article IV may be amended at any time with approval of a majority of the Board and by vote or written consent of holders of a majority of the outstanding shares entitled to vote thereon. Only the Common Stock shall be entitled to vote on an amendment to this Article IV.

ARTICLE V.

The Corporation may, to the fullest extent permitted by California General Corporation Law (as the same may be amended from time to time), indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

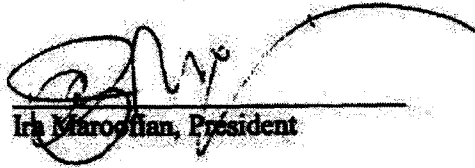
ARTICLE VI.

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

* * *
(no further text on this page)

The undersigned further declares under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of his own knowledge.

Date: December 4, 2001



Ira Maroufian, President

Michael Daniel, Secretary

The undersigned further declares under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of his own knowledge.

Date: December 4, 2001

Ira Maroofian, President

Michael Daniel

Michael Daniel, Secretary

